

June 18, 1962

Mr. Andrew E. Riddock, Director
Bureau of Retirement and Insurance
United States Civil Service Commission
Washington 25, D. C.

Dear Mr. Riddock:

In accordance with your request, we wish to advise that the following changes in the Master Contract (Group Policy GSI-1799), have been agreed upon by Mutual of Omaha and this office and have been placed into effect.

The following changes have been agreed to in the surgical schedule:

Procedure Number 3313 changed to a unit allowance of 8.0 - 3314-7.0, 3315-9.0, 3316-8.0, 3317-10.0, 3319-9.0.

Paragraph Number 0402 is amended to read, "subsequent regardless of location."

Procedure Number 4641 is amended to 3.0.

The following procedures are added to the schedule:

3933-Cystoscopy with ureteral dilation, surgical allowance of 8.0, anesthesia allowance of 5.0.

Procedure 4677-Hysterotomy, surgical allowance of 50.0, anesthesia allowance of 9.0.

Procedure Number 0762-Fracture of coccyx simple, surgical allowance of 8.0.

Surgical Procedure Number 0172-Excision of planter wart is added to the contract with a surgical allowance of 5.0.

*Delivered by
Hand 6/19/62*

*See Mat. of
Omaha file
(letter dated
June 12,
1962)*

Surgical Procedure Number 0252-Repair-extensive wounds, extensive suture of recent wounds requiring closure (not plastic repair) more than ten sutures or over two and one-half inches is added to the contract with a surgical allowance of 5.0.

Surgical Procedure Number 1811 on Page 21 of the surgical contract is amended to read as follows:

"Freeing of web fingers or toes with flaps."

Other changes agreed to are as follows:

Surgical Procedure Number 3934-The allowance is increased to 7.0; Surgical Procedure 3936-8.0.

A note is to be added after Surgical Procedure Number 2585 on Page 24 of the surgical schedule to indicate that bi-lateral procedures are payable at one and one-half times the allowance for unilateral procedures.

Very truly yours,



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UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON 25, D.C.

ADDRESS REPLY TO
"U.S. CIVIL SERVICE COMMISSION"
AND REFER TOFILE RI:IK:SP:jf
AND DATE OF THIS LETTER

MAY 10 1962

Government Employees Health Association, Inc.
P. O. Box 463
Washington, D. C.

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This letter, which is being sent to all carriers, is to inform you of certain conclusions we have arrived at which bear on your health benefits contract for the next contract term (November 1, 1962 - October 31, 1963):

1. There will not be a general open season this year such as there was last year. However, we do plan to permit employees to change from not enrolled to enrolled and to change their enrollments from self only to self and family. We expect relatively few such changes and they will probably be permitted during the period October 1-15, 1962. Changes from one plan to another or between options in the same plan will not be permitted.
2. It is not planned that the contingency reserve will be available to any plan during the next contract term. The contingency reserve will not be available to finance benefit increases and will not be available in lieu of increasing premium rates if a rate increase is necessary to support present benefits. All plans are urged to examine their financial position in the light of anticipated experience during the next contract term and to propose rate adjustments now if deemed necessary. (Carriers having a special reserve may, of course, draw on the balance in that reserve if necessary to finance their operations.)
3. The Government contribution is tied to the least expensive option of the Government-wide plans and the premium rate for this option will remain the same. Hence there will be no change in the Government contribution for the next contract term.
4. As you know, the law requires that rates must reasonably reflect the cost of the benefits provided. Therefore, independent of any change you may propose, we will review the premium rate and benefit structure of your plan and, if appropriate, propose changes in either or both. Also, if you do propose contract changes, we may of course propose modification of such changes.

5. Since contracts were only recently revised there does not appear to be any need for major revision in the benefit structure of the plans. In addition, because there will not be a general open season in 1962, we will not, in the absence of compelling circumstances, now be receptive to any changes which would materially affect the cost of benefits. On this basis, any proposals for benefit changes should be of a perfecting nature and, wherever possible, we plan to continue the present brochures as the employee's statement of benefits.
6. We plan to hold a general open season in 1963 and will write you more about it later.

In light of the above decisions, we will be pleased to consider any contract amendments which you wish to offer to be effective November 1, 1962. Any changes in benefits or premium which you propose must be submitted to the Commission no later than June 18, 1962 and must be in writing, signed by an authorized official of your plan or organization and must be in proper form for inclusion in your contract. We recognize that most plans will probably need more experience under this year's contract in order to determine with precision the need for changes, but we must have sufficient lead time to review your proposals, to confer with you, and, if need be, to prepare the necessary amendments to brochures. Therefore, we will not consider any changes proposed by a carrier which reach the Commission after the deadline date of June 18 until November 1, 1962.

This letter is the only official notification that you will receive from the Commission to present your proposals for the next contract period. The deadline of June 18 for receipt of proposals is firm and cannot be extended for any carrier. I urge you, therefore, to give this matter your immediate attention and submit to us any proposals you may have no later than that date.

After review of any changes you may suggest in your contract, we will be in touch with you on an individual basis and inform you whether we accept the proposed amendments, and whether we have any further changes to propose.

If you do not intend to propose any changes in your plan, I would appreciate your informing us to this effect as soon as possible but no later than June 18.

A copy of our press release on the subject of open season is enclosed.

Sincerely yours,

Andrew E. Ruddock

Andrew E. Ruddock
Director

Enclosure

CIVIL SERVICE

news

Washington 25, D.C.

news unit DUDley 6-5211
room 269 • 8th & F Sts., N.W.**FOR RELEASE:**

ADVANCE FOR MONDAY MORNING NEWSPAPERS
NOT TO BE USED BY PRESS, RADIO, OR TV BEFORE
6:30 P.M., E.D.T., SUNDAY, MAY 13, 1962

The premium rates of the Government-wide Service Benefit Plan and the Government-wide Indemnity Benefit Plan, which together cover about 80 percent of the nearly 2,000,000 employees enrolled in the Federal Employees Health Benefits program, will not be increased for the next contract year which begins November 1, 1962, the Commission announced today. The Commission also said that the next "open season" of the program is planned for late 1963, probably in October.

A few of the other 35 plans participating in the program may require premium rate increases. While some plans may make minor perfecting changes in benefits, rate increases will be negotiated only on the basis that they are needed to maintain the proper balance between the cost of present benefits and premium rates. However, any increases in rates by other plans for the next contract year will probably be small, the Commission said.

Although there will be no general "open season" in October of 1962, eligible employees who have previously elected not to enroll will have another opportunity to enroll in a participating plan in October of this year. Also, any employee now enrolled for self-only will be able to change to a self-and-family enrollment in the same plan and option at that time. During a general "open season" eligible employees have an unrestricted opportunity to change from one plan or option to another or, if not enrolled, to enroll in a plan.

The decision to hold no "open season" in 1962 was made after consultation with the Federal Employees Health Benefits Advisory Committee. The Committee was established under the Federal Employees Health Benefits Act of 1959 and advises the Commission on matters of concern to employees under the health benefits program.

There are several major factors which entered into the decision to set the next "open season" for October of 1963, the Commission said. Among them was the fact that for most employees the benefits and premium rates will not be materially changed in the next contract period. Also, as recently as last October, after more than a year's experience with their plans, employees had an opportunity to correct any dissatisfaction with their initial choice of plans. During that first "open season" only about 5 percent of the enrolled employees changed plans.

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